



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Chairman Chuck Grassley  
Hearing, "International Trade and the American Economy"  
Wednesday, April 4, 2001

It is my pleasure to welcome Dr. Alan Greenspan today. Dr. Greenspan is the chairman of the Federal Reserve Board of the United States. He is here to discuss one of the most important public policy issues facing Congress today – the role of international trade and the U.S. economy.

International trade is important to the American economy. Over the past 25 years, the real volume of trade has grown twice as fast as real output. Twenty-five years ago, total trade was about 10 percent of the Gross Domestic Product. By 1999 it rose to over 27 percent of GDP. According to the Office of the United States Trade Representative, "Exports accounted for over one-quarter of U.S. economic growth over the last decade and support an estimated 12 million American jobs. In the American agriculture sector, one in three acres are planted for export purposes, and last year American farmers sold more than \$50 billion worth of agriculture products in foreign markets. Export-related jobs pay 13 to 18 percent more than other jobs."

The story of exports is easily told in statistics. But the role of international trade in the American economy -- and the story of imports -- is much harder to tell. But its effect on our economy is just as profound. Import competition enhances U.S. competitiveness. Today the United States is one of the most competitive economies in the world. Imports enable Americans to purchase more products at lower prices each and every day. Imports enrich our lives in a myriad of ways.

Despite the importance of international trade to the U.S. economy, a recent survey conducted by the Women in International Trade organization showed that only 37 percent of Americans feel they are very or fairly knowledgeable about trade issues. Sixty-two percent of Americans think they have only a little knowledge or are not knowledgeable at all about international trade. One percent of the Americans surveyed do not know whether they are knowledgeable about international trade or not.

Clearly, as public servants and strong believers in the international trading system, we have a lot of work to do. Important public policy issues will face our nation in the near future. One of the most significant is whether Congress should grant the President trade promotion authority. I strongly believe we should. Our failure to do so will have significant adverse consequences for our workers and our economy.

During testimony given before the Ways and Means International Trade Subcommittee last week, it was evident that our failure to fully engage in the world economy over the past several years has real consequences. As the President of The Business Roundtable, Samuel L. Maury, pointed out, "the United States is a party to only two of the over 130 estimated Free Trade Agreements in force today. As a result, the vast majority of FTAs grant our trading partners preferences at our expense."

The result of our non-participation is becoming clear. I do not have time to review the many examples today. But I would encourage you a look at this recent Business Roundtable study, “The Case for U.S. Trade Leadership: The United States is Falling Behind.” I also hope you will review the testimony given during the last week’s Ways and Means hearing. You will find it rife with story after story of lost U.S. sales and discriminatory treatment against U.S. products. It is clear that, after seven years without trade negotiating authority, it is time for us to get back into the game.

We will be faced with a lot of decisions about international trade during this Congress. It is my hope that today’s hearing will shed light on this most important but little understood topic and help us move forward on trade promotion authority this year.